DOCUMENT RESUME

ED 275 042 EA 018 891

AUTHOR Bliss, Jim
TITLE Financial Implications of the Excellence/Reform Movement.
PUB DATE Oct 86
NOTE 19p.; Paper presented at the Annual Meeting of the Association of School Business Officials (San Francisco, CA, October 18-22, 1986).
PUB TYPE Reports - Descriptive (141) -- Speeches/Conference Papers (150)

EDRS PRICE MF01/PC01 Plus Postage.
DESCRIPTORS *Educational Change; Educational Finance; *Educational Improvement; Elementary Secondary Education; Government Role; Postsecondary Education; School District Autonomy; School Taxes; *State Action; State Aid; State Government; *State Legislation; State School District Relationship; *Teacher Motivation; *Teacher Recruitment; Teacher Salaries
IDENTIFIERS *Excellence in Education Act 1985 (Missouri); Missouri

ABSTRACT

State control over education appears to be increasing as a result of state efforts to develop specific programs in response to calls for educational excellence. Missouri's Excellence in Education Act of 1985 was just such an effort and was aimed particularly at improving teaching by attracting and retaining teachers of high quality. The act provides for scholarships for teacher education majors, guaranteed starting salaries, intervention programs, tuition reimbursement for further study, a career ladder, and grants for locally-generated improvement projects. The act also mandates establishment of district policies on student discipline and authorizes an academy for administrators. The act was designed to be phased in gradually from 1985 through 1990 and to cost $177 million in its first 3 years of implementation. Appropriations for funding the act were tied to the state's foundation aid program, and matching funds were required for some programs. Provisions were included to protect local control, enhance early childhood education, encourage participation by teacher groups and legislators in implementation of the act, and monitor teacher quality. (PGD)

****
* Reproductions supplied by EDRS are the best that can be made *
* from the original document. *
****

U.S. DEPARTMENT OF EDUCATION
Office of Educational Research and Improvement
EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)
X This document has been reproduced as received from the person or organization originating it.
☐ Minor changes have been made to improve reproduction quality.
• Points of view or opinions stated in this document do not necessarily represent official OERI position or policy.

ED275042

FINANCIAL IMPLICATIONS OF THE EXCELLENCE/REFORM MOVEMENT

International Association of School Business Officials
Annual Convention
October, 1986
San Francisco, California

"PERMISSION TO REPRODUCE THIS MATERIAL HAS BEEN GRANTED BY
Jim Bliss
TO THE EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)."

by Jim Bliss
Director of Finance
Missouri State Dept. of Education

EA 018 891

By now, the education excellence/reform movement has hit most of the states in a big way. Even now, your business office is probably coping with the financial side of the new mandates affecting pupils, teachers, administrators and school boards. Ironically, the push for the change arose out of a federal report, A Nation At Risk, at a time when federal financial support for schools has declined as a percent of budget to a modern-day low. The states, for a variety of reasons, have responded to the challenge, even to the point of "plunking down" substantial increases in state financial support--but uncharacteristically, are acting more like the federal government with increased control over how the money is to be expended. Augenblick concludes, at the end of an article in the Phi Delta Kappan:

> Local control over spending will be reduced. As states become more involved in school improvement and as they tie teachers' salaries to school finance systems, state control will increase. (Augenblick, 1984, p. 201)

How will such a shift occur? How soon? Why would excellence reform legislation have this effect? Perhaps the answers may be found in the perception of the problems in education that legislatures thought they were addressing and, hopefully, remedying. Reform is not new and, indeed, according to an article by Cross, "our collective memories are short" (Cross, 1984, p. 168). More than a dozen books and reports were published in 1970 through 1976 calling for reform through changes in curriculum, the

raising of standards, and the restoration of prestige to the teaching profession.

Missouri, like many other states, has had, until recently, a continuing decline in pupil population (Mo. DESE, 1985). This, in turn, has required few, if any, new teachers in regular education. Sure, additional teachers have been hired for special purposes such as education of the handicapped, compensatory education, vocational education, gifted and other categorical programs. Every year a certain number of teachers has left teaching to pursue other employment. A certain number of have retired. But these were offset by new graduates and others returning to teaching from other employment. Missouri, as other states, had shortages of fully qualified teachers in certain subject matter areas, but the system was generally in equilibrium or balanced. You may see in the Appendix that about 90% of the teachers for a succeeding school year come from the present teacher corp. Approximately 4% of teachers for the succeeding year come from new Missouri graduates and approximately 6% of teachers for the succeeding year come from occupations other than teaching in the prior year, or from out of state institutions.

The equilibrium is projected to be disturbed by several events, most of them not consciously designed to have such affects. For instance, retirement age was typically 65 years of age and some teachers went on to 67 years old before retiring. However, three years ago, a bill was passed to lower the retirement age, without a cut in benefits, to 30 years of service. It is now possible for teachers 52 years old to retire and many of them are doing just that. This comes at a time, according to Watts, when, "as many as 900,000 of the current 2.3 million teachers (nationally)

are likely to retire or quit teaching during the decade of the coming population bulge (Watts, June 1986, p.723). In addition, with the declining enrollment in the regular courses, Missouri school districts have substantially reduced any new hires and the average years of experience have risen to the point where average instructors' experience is 15 years and, in many school systems, the average is 23 years. Apparently, many of these teachers, having read articles about "teacher burnout", think they've got it and are taking advantage of the early retirement.

While this law accelerated persons leaving the profession at the top end, things were also happening in the middle. Women and minorities were discovering that better pay and career advancement opportunities lay outside the field of education and that some employers were indeed actively recruiting them. Finally, at the entry level of the profession, college enrollment in teacher preparation was declining; certainly in math/science education, but also in many other subject areas. "Today, one in twenty students plans to be a teachers, down from one in five in 1970" (Kimberling, 1986).

Missouri has a summer Scholars Academy for gifted students with 311 students participating in the summer of 1986. Of that number, only one boy and seven girls indicated an interest in pursuing teaching as a career. Young people have apparently (a) become less idealistic and public service conscious and (b) learned how low teachers' salaries are in comparison to other occupations. Together, these circumstances contrive to project a scenario that Missouri would lose upward of one-half of its present teaching force in the next ten years. Apparently, this situation

is not unique to Missouri. The lead article in the Texas State Teachers Association Advocate for June, 1986 was, "Why Are Teachers Leaving?" For the last several years, TSTA has surveyed teachers to determine how many of them were "moonlighting" or taking after school jobs (22% to 29% over a six year period). The survey was more recently expanded to cover a question dealing with teachers considering leaving the profession and the reasons for leaving. "Money" was one reason and "working conditions" was another. In fact, in the 1986 survey, "working conditions" beat "money" (68% to 17%). The June issue of Phi Delta Kappan was devoted to the teacher shortage and pretty well placed it in perspective by saying, ". . . throughout U.S. history, we have had recurrent shortages of qualified teachers" (Hawley, 1986). Hawley goes on to say,

> Both the number and the proportion of college students preparing to teach have declined precipitously in recent years, while a disproportionate number of teachers are leaving the profession. At the same time, what has been called a "baby boomlet" is reaching school age and driving up enrollments (Hawley, 1976, p. 712).

Historically, school districts and states have dealt with this problem by (a) relaxing entry standards into teacher preparation programs and (b) issuing a lot of emergency teaching certificates. For instance, New Jersey has instituted a teacher certification program for persons with undergraduate liberal arts degrees in which "teaching" as a skill will be taught in 30 days and in seminars two nights a week. So much for teacher preparation. The National Center for Educational Statistics has reported that 2% of all U.S. teachers were uncertified to teach in their principle field of assignment in 1983-84 (Plisko and Stern, 1985, p. 59). Even worse is the statistic of that same year, that 9% of all newly hired

public school teachers were uncertified to teach in the principal field of assignment; i.e. asking a mathematics teacher to teach English.

With this as background, and also with the research that not only the quantity of new teachers was projected to be down, but also the quality (via SAT scores, high school and college grade-point averages and so forth) considerable discussion arose at the state levels. For instance, Dr. Arthur Mallory, the Missouri Commissioner of Education, was asking the question, "Who will be the teachers in the future? Will it be the lower 8% to 12% of college graduates? It isn't prudent for education to let quality slide." Dr. Boyer, former U. S. Commissioner of Education concluded, ". . . (schools) cannot adequately prepare the coming generation if the least able students enter the profession" (Boyer, 1984). The Missouri reaction to these events may be expressed in three philosophies that are fairly common to most school finance questions.

1. Nothing is as bad as it seems,
2. Nothing is as good as it seems, and
3. Nothing is as simple as it seems.

First, the teacher shortage, while serious in certain subject areas must be balanced against the fact that:

> A larger number of fully prepared and licensed teacher education graduates that have never taught (are out there) than are now teaching (Haberman, 1986).

In other words, the supply is out there, but according to the esoterics of Hedonic wage theory, neither the job characteristics (pupils or physical environment) or the money is attractive enough to recruit very many, if any, of these people (Chambers, 1981).

With this as background, and also with the bigger picture of concern for educational quality, the members of the Missouri Interim Education Committee created several provisions to attract and retain teachers in a new piece of legislation known as House Bill 463 or the 1985 Excellence in Education Act. A major portion of this bill contained several provisions designed to attract and retain new teachers. Present teachers were not ignored, but it is clear that a lot of the weight of this bill was calculated toward recruiting, preparing and assisting new teachers. Among the many provisions of the 56-page Act is a section authorizing one-year non-renewable scholarships in the amount of $2,000 to college students making a commitment to pursue a teacher education program. These would be available in the freshman year of high school year graduates and in the junior year of junior college graduates.

The scholarship program was then coupled to a loan program of $1,000 per year with partial cancellation provisions to those students electing to major in an area of critical need or to serve in certain geographic areas of the state where teacher recruitment had suffered in certain subject areas. To assure quality applicants, the Act required entry-level testing of prospective teacher education students, this would typically occur at the end of the sophomore year prior to teacher preparation in the junior year. Further, the Act required that graduates of teacher preparation programs pass an exit assessment indicating proficiency in both teaching and subject matter specialization. A further attraction was built into the system in that any teacher candidate beginning a college education program at this point, would be guaranteed a starting salary of no less than $18,000; a salary that can be found in urban areas, but very

rarely was found in the outstate, rural areas. In fact, in looking at the 1985-86 range of starting salary, Missouri ranged from a high of $20,000 to a low of $7,600. Obviously, this will enhance recruitment in those areas with the $7,600 salary, with the State paying 100% of the difference on beginning salaries between the district's base salary as increased from its regular revenue sources and the State minimum salary.

In order to nurture the newly recruited teachers and to assure their continuance in the profession, certain portions of the Act provide for involvement of colleges of education personnel's direct, continuing intervention. In fact, a two-year "help" program of inservice professional development, faculty mentors, and the assignment of two experienced teachers within a building to every new teachers is required by the Act. This may come as a shock to some colleges which upon graduation wave their students out the door, hoping, perhaps, never to see them again. On the other hand, a positive note may be that some education professors were looking for an entree back into the public schools and this gives them a legal obligation to be there.

Finally, the new teachers will be eligible for college tuition reimbursement for continued study in their teaching field every summer in the amount of the going rate for tuition for a three-hour course for every summer, as long as they continue to teach in that area.

Although the main focus has been on beginning teachers, experienced teachers were not left out of the reform. The same tuition reimbursement plan available to beginning teachers was also made available to experienced teachers. Of even more potential impact was the career ladder containing salary supplements of $1,500, $3,000 and $5,000. These

represented Stage 1, Stage 2 and Stage 3 with Stage 1 being open to teachers with five or more years of teaching experience in Missouri and meeting certain criteria for responsibilities, additional assignments, and performance based teacher evaluations. Incidentally, some of these assignments involve the supervision of beginning teachers and others involve additional responsibilities or work on special projects. These sums are paid in one payment during the month of May or June.

In order that this career ladder program not be criticized for its exclusiveness, initial planning and budgeting was based on a theory of approximately 60% of the total teaching force (remember that they must have five years or more of experience) participating in the total program. The program is optional, both from the standpoint of the school district electing to participate in career ladders and from the standpoint of the individual teacher electing to participate or not participate. Left to natural tendencies, this program might be disequalizing; i.e., send more money to rich districts and less money to poor districts. To avoid such an occurrence, a matching system with 12 groups was established. The groups were composed of equal numbers of school districts based on a ranking on equalized assessed valuation per pupil multiplied by the district's personal income index. The personal income index is simply reported gross income off the state income tax return for a given district divided by the state average. The "poorest" group would receive 90% state funds for implementation of the career ladder program and must come up with a 10% local match. At the other end of the spectrum of the 12 groups, the "richest" districts would receive 35% state funds and must raise 65% from local sources. If a school district passes a tax levy

election in order to raise their share of the matching money, the state will extend a bonus equal to 5% of the total cost of the career ladder plan for that school district.

An interesting part of the Act is the creation of some matching school improvement projects. The General Assembly (Missouri's legislature) envisioned many small "building based" projects which would be awarded to a school, a group of teachers or an individual teacher. This, perhaps, might be too heavy to expect of a beginning teacher, but certainly a third year or fourth year teacher or more experienced teacher would be interest in participating in and applying for these grants. An individual teacher grant could range up to $5,000, in some cases with no local matching whatsoever. A group of teachers banding together and proposing a cooperative project could range as high as $20,000. A school building project in which the entire faculty is involved and all students are involved can range as high as $30,000. If the project is district wide, the upper limit is $50,000. It is further anticipated that a given school district might have a multiplicity of individual teacher projects, building projects and various groups of cooperating teacher projects, thus, none of these are mutually exclusive.

Examples of school improvement activities include, but are not limited to; business/education partnerships, extended contracts related to instructional improvement, school improvement councils, improved attendance plans, school volunteer projects, parent participation projects, writing programs, higher technology, advanced placement, and opportunity classes for students who are at risk in reading and math in grades 1, 2 and 3. Although these programs were selected by the General

Assembly as a focus, other worthy programs not covered in this list would be considered by the State Department of Education. Again, general match provisions similar to those used in the career ladder were necessary in order that these amounts of state aid not become disequalizing. In this particular case, the local match was distributed on the basis of pupils with the state being divided into three groups ranked in order of equalized assessed valuation multiplied by the income factor. The lowest ranking group would receive 90% state funds and require a 10% local match. The middle group would receive 80% state funds and require a 20% local match and the wealthiest group would receive 70% state funds and require a 30% local match. Remember that in some instances of individual grants, no match whatsoever would be required. In order to be fair and yet flexible in the allocations, certain target sums of money, several millions, were budgeted for each of the various categories and projects submitted were allowed to compete against other similar groups. For example, an individual teacher project was not rated or ranked against a district wide project, but instead, was rated against other similar teacher projects.

Although not considered directly as a school improvement project, some incentives were provided on a matching basis for the provision of aides in grades kindergarten through three for those classrooms that had excessive pupil/teacher ratios, according to school classification standards. It is conceivable that a teacher might receive the $18,000 minimum salary, the $5,000 career ladder supplement and a $5,000 teacher project grant, not all of which would be salary or stipend, but a total working amount of $28,000.

The Excellence Act has several other programs that, while they are not major consumers of state funds, do have the potential for education excellence and reform. One of these is a student discipline program with the required creation of district policies on discipline with specific consequences of failure to obey. Virtually every school district has had some sort of discipline policy whether it was two or three rules or 500 rules. On the other hand, many of them, while having rules about what students could or could not do lacked any sort of consequences for failure to obey the rules. Putting such actions in writing may well clarify the roles of administrators and pupils and, perhaps, clarify relationships with parents. For example, in one extreme isolated case, (certainly not written policy) a student caught smoking was given the choice of three "licks" or eating the cigarette. The student chose to eat the cigarette and upon becoming ill and relating the incident to the parent caused the early release from contract of the building principal. Obviously, situations like this will not be cured by any sort of written policy, but perhaps more attention will be focused upon discipline efforts and school climate and reduce the chances for occurrences of this nature.

Another item in the Excellence Act was the administrator's academy patterned on those held in other states such as North Carolina. This Leadership Academy will assist administrative personnel in such skills as performance based teacher evaluation, which is necessary for the implementation of the career ladder program. Independent to, but related to this activity, will be an administrator assessment center that will have responsibility for the assessment of prospective principals, assistant superintendents and superintendents. Lest it be thought that

all of the testing is on students and teachers, tests will be given to all prospective school administrators by September 1, 1988.

The phase-in of the Excellence in Education Act of 1985 was such that portions of the program occurred in 1985-86, with major changes occurring in 1986-87 and thereafter. Other events, such as the full implementation of the third step on the career ladder would not occur until 1989-90. This gives the state and the various school districts time to plan and finance the program changes. The first full year of implementation was estimated to cost approximately $47 million with the second and third year cost estimated at $60 million and $70 million respectively. In order to place this into perspective, Missouri has 780,000 pupils enrolled and expenditures running at about $2.3 billion, with the State providing $1.1 billion, or approximately half, in 1983-84. A little more than one-half of the state $1.1 billion was distributed through an equalizing foundation formula and the remaining amount on a flat grant basis of either a per pupil amount or a class unit amount. The equalizing power of the formula at its extremes is approximately five to 1. The poorest school district receives a formula payment of approximately $1,500 per pupil while the wealthiest district receives approximately $300 per pupil. In addition, it must be remembered that both types of districts will receive other state funds on the flat grant or per class unit basis. With a perspective of a little over $1 billion in state funds and over half running through the formula, the price tag of $47 million on the Excellence Act indicates a fiscally conservative approach to education reform. Augenblick has studied the excellence/reform movement in many states and has come to the following observations:

> Interestingly, the most costly changes have been made in states that have traditionally spent relatively little on education. The changes have been funded by increases in statewide taxes, most notably, the sales tax.

The excellence/reform movement as instituted in most states appears to be funded apart from the formulas used to distribute the vast majority of state aid. In the past 15 years, more than one-half of the states have modified their school finance formulas in order to make them more equitable and a question arises as to whether the excellence/reform programs will undo any of the moves toward equity that have been achieved. Augenblick goes on to say,

> As long as the funding of school improvement/reform/excellence is distinct from general support, it is questionable whether support for school improvement can be sustained; moreover, it is possible that the effects of school improvement efforts will not be distributed equitably (Augenblick, 1984, p. 197).

These are valid concerns, but Missouri legislators, even in their zeal to pass the reform/excellence Act, did not forget the foundation formula or program with its equity implications. To this end, an interesting piece of legislative conjuring resulted in an amendment to the Act, to wit, that the appropriation for the Excellence Act could not exceed one-third of the increase to the total foundation program. Thus, if the increase to the total foundation program was $100 million, the Excellence Act appropriation increase could not exceed $33 million. This presented an interesting problem in that the first full year appeared to require $40+ million, which problem the legislature solved by forward funding (taking money from an old year and placing into a new year) approximately $22 million, which meant that they only needed to come up with $25 million in the first full year of implementation.

Missouri has a history of reverence for local control, whether such control exists in fact or not. According to one researcher, Missouri ranked 47 out of 50 states on the strength of state control (with 1 being highest state control). An appreciation of this perception shows up in the testing portion of the Act whereby the State Department of Education is directed to identify key skills within subject areas and school districts are directed to have testing programs. However, the State Department of Education is expressly forbidden to set maximal testing standards. The General Assembly was interested in getting feedback on student performance in the areas of English, reading, language arts, science, mathematics, social studies and civics. However, the General Assembly did not wish to institute a required statewide test. Instead, the Department is directed to develop tests for the key skills and administer them annually to a randomly selected sample of the public school students. Results of the tests are to be reported annually to the General Assembly and will be used to determine, presumably, the impact of the Excellence in Education Act and other state initiatives.

Early childhood education is addressed in tandem with the Excellence Act and with Section 178.69 passed in the previous year by the General Assembly. Due to funding limitations, the scope of the early childhood program is presently limited to parent education programs and developmental screening of all children under the age of five. Missouri already has a special education program for handicapped three- and four-year old students, but the new act encourages the offering of programs to developmentally delayed children, ages three and four years who are not in the special education program.

It may be noted from the above that several of the programs in the Excellence Act require local matching. Local money is generated by levying a tax on real and personal property which, in Missouri, is expressed as so many dollars tax rate per $100 of assessed valuation. Assessed valuation on real property varies from market value, depending upon the particular subclass of property. For instance, residential property is valued at 19% of market value, while farm property is valued at 12% of production value. Commercial property, on the other hand, is assessed at 32% of market value. Personal property is assessed at 33.33% of market value. Missouri has had an extremely conservative approach to local taxation via a historic requirement that any levy over $3.75 per $100 assessed valuation would require a 2/3 majority vote of the local residents of the school districts. Indeed, the average tax levy in Missouri as of 1982-83 was $3.89, exclusive of Debt Service. This, in turn, meant that any increase in tax levy, in order achieve matching funds, would have required a 2/3 majority.

However, in 1985 the State underwent a general reassessment, which increased property values by nearly double. In turn, school levies were rolled back to an average of $2.61. The law as initially written on reassessment required that whatever majority vote the school district needed to achieve before general reassessment, they would be required to have the same majority after general reassessment, which put all of them or most of them at the 2/3 requirement. However, one portion of the Excellence in Education Act permitted school districts to increase their local tax levy by simple majority from any level lower than $3.75 up to the $3.75 level. For many school districts in the state (especially the

wealthier ones) this is the single most important financial feature in the entire act. The potential access to additional revenue makes possible participation in certain portions of the Act that would have been severely restricted.

The literature, both in teacher journals from other states and the Phi Delta Kappan, relate "horror stories" from other states concerning implementation of career ladders, teacher testing, and the resultant teacher unrest. Such stirrings were not lost upon Missouri teacher groups, administrators, Department officials and the General Assembly. It became apparent that implementation of the act was much easier to talk about than to accomplish in fact. A decision was made that a key ingredient was participation, not only by teachers' groups, but by the original legislators themselves in order to communicate, not only the law, but the original intent or goals from which the law arose as a perceived need. In practice, this may result eventually in certain law changes so that the "means" change and yet the "end" is preserved as a goal.

Finally, as a sort of personal observance in the past 15 years, and perhaps longer, the Instruction Division and Teacher Education Division of the Department of Education had languished without a great deal of attention by outside forces, such as the general assembly. However, under the impetus of the excellence/reform movement, these divisions are now in their ascendency and the focus of a great deal of activity as we move away from permanent life certificates to limited teaching certificate, performance based teacher evaluation, testing of teachers and the use of criterion reference tests on pupils in response to a state constructed core competencies and key skills constructed through grade 10 for

alternating grades. Skeptics and critics will no doubt raise objections to these efforts and their possible outcomes, but I believe that it will be a process of making clear how far we have come with instruction and, in turn, indicate more clearly where we need to go.

Bibliography

Augenblick, J. "The States and School Finance: Looking Back and Looking Ahead, Phi Delta Kappan, Vol. 66, No. 3, November 1984.

Boyer, E. "Report of a Panel on the Preparation of Beginning Teachers," New Jersey Department of Education, Trenton, New Jersey, March 1984.

Chambers, J. "The Hedonic Wage Technique As A Tool for Estimating the Costs of School Personnel, Journal of Education Finance, Vol. 6, No. 3, pp. 330-354, Winter 1981.

Cross, P. "The Rising Tide of Reform Reports," Phi Delta Kappan, Vol. 66, No. 3, November 1984.

Haberman, M. "Licensing Teachers: Lessons From Other Professions," Phi Delta Kappan, Vol. 67, No. 10, June 1986.

Hawley, W. "Toward A Comprehensive Strategy for Addressing the Teacher Shortage", Phi Delta Kappan, Vol. 67, No. 10, June 1986.

Kimberling, R. U.S. Department of Education. United States Department of Education, Washington, D.C., 1986.

Missouri Department of Elementary and Secondary Education, 136th Report of the Public Schools of Missouri. Jefferson City, Missouri, p. 41.

Plisko, V. and Stern, J., eds. The Condition of Education. National Center for Educational Statistics, Washington, D.C., 1985.

Texas State Teachers Association, "Why are Teachers Leaving?" Advocate. Austin, Texas, June 1986.

Watts, G. "And Let the Air Out of the Volleyvalls," Phi Delta Kappan, Vol. 67, No. 10, June 1986.